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## **THE TRANSPORTATION-WELFARE NEXUS: GETTING WELFARE RECIPIENTS TO WORK**

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With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Congress dramatically altered the welfare system. The new legislation limits cash support to welfare recipients, mandates strong work requirements, and gives states more discretion over welfare program design. With its emphasis on reducing the welfare rolls, state welfare agencies must establish programs to transition recipients into the labor market or else risk dramatic increases in poverty.<sup>1</sup> Access to transportation affects welfare recipients' ability to find and retain employment and, therefore, must be one component of a successful welfare-to-work strategy. The need for good transportation policy is anchored in the dramatic changes in the welfare system, the geographic location of jobs and welfare recipients within metropolitan areas, and limitations with our existing public transportation system. These topics are addressed in the subsequent three sections of this paper. In the conclusion, we present a series of policy recommendations; these include recommendations specific to transportation policy as well as housing and local economic development policies that help to improve recipients' geographic access to employment.

### **Welfare Reform**

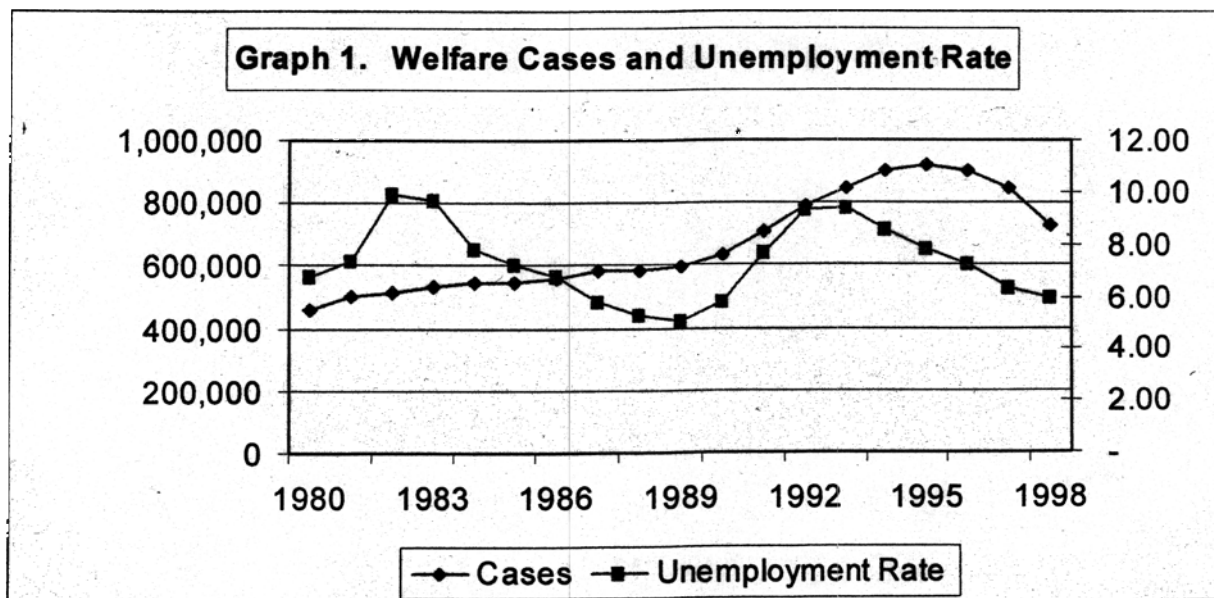
Over the next few years, this nation faces a daunting challenge of finding effective transportation solutions to help nearly a million welfare recipients secure meaningful employment. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 has revolutionized this nation's social policy, and in doing so, has changed the way that disparate institutions and agencies should operate. The 60-year-old U.S. welfare system was fundamentally transformed with the termination of Aid to Families with Dependent Children (AFDC), an entitlement program for needy families with children. In its place is now Temporary Assistance to Needy Families (TANF), a program that does away with federal entitlements, provides flexible block grants to the states, mandates tough new work requirements, and imposes a five-year lifetime limit on the receipt of public assistance. As a result of this fundamental restructuring of the U.S. welfare system, thousands of recipients will enter the labor market over the next five years.

Under the original timetable, states are required to have 25 percent of their welfare caseload employed in 1997, rising to 50 percent in 2002. According to this schedule, an estimated 832,000 welfare recipients will enter the U.S. labor market between 1997 and 2002. The timetable for two-parent families is even more ambitious. By 1997, 75 percent of these cases must have one parent or both parents working or in a work activity, for a combined total of at

least 35 hours each week by FY 1997. The rate increases to 90 percent by FY 1999 and beyond. States that fail to meet the participation rate will be penalized by a 5 percent of their TANF block grant.

California bears a disproportionate share of this challenge because it has a disproportionate share of welfare cases. On the eve of welfare reform, in 1996, California had 21 percent of the nation's cases, compared to 12 percent of the nation's population. While only 4.7 percent of the U.S. population received AFDC, 8.2 percent of California's population did. In total, over three-quarters of a million adults were on AFDC. California has implemented welfare reform through the enactment of the Welfare to Work Act of 1997, AB 1542, which created the CalWORKs, the California Work Opportunity and Responsibility to Kids Program. The two primary goals of the program are to provide time-limited benefits (a limit of two-year on a single spell and a five-year, cumulative life time limit) and to promote a "Work First" (job placement and job readiness) approach to moving recipients into the labor market employment.

CalWORKs puts into place several work and work-related requirements: 1) able-bodied adults must accept any legal job; 2) non-exempt adults must participate in an initial 4-week period of job search, which can be extended at the county's discretion; 3) following job search, adults must either work or engaged in work activities; 4) single parents must participate a minimum of 20 hours per week, growing to 32 hours by mid-1999; and 5) one or both adults in two-parent families must work a combined total of 35-hours each week starting in 1998. To support these work-related requirements, subsidized child care is provided to recipients who need child care. Those recipients who do not fulfill the work requirements will see their grants reduced by the adult recipient's portion of the grant. If the sanction lasts three months or more, the county must issue vouchers or vendor payments for at least rent and utilities until the adult is no longer being sanctioned.



Source: California, Department of Social Services (1997).

Welfare reform appears to have had some effect, although the exact impact is difficult to quantify. As Graph 1 shows, California's case load has declined. From FY 1996 to FY 1998, the number of welfare cases dropped from 903,000 to 725,000, a 20 percent reduction in the case load. The welfare caseload has continued to decline; as of July 1998, the number of welfare cases in California fell to 679,000. However, the pattern of shrinking welfare rolls preceded the 1996 policy reforms and has coincided with the current economic recovery. Certainly, economic expansion has provided increased job opportunities for welfare recipients; it is likely that, faced with "time limits," many recipients have taken advantage of these new opportunities for employment. But the economic robustness of the economy cannot, by itself, be responsible for declining caseloads; in prior economic recoveries (indicated by a drop in the unemployment rate in Graph 1), the case load did not decline. Aware of the limits on the number of years they can collect aid, recipients may take jobs, in part, to save or "bank" their benefits for when they face more dire times. Despite declining caseloads, the State still faces a major challenge in moving the remaining recipients off welfare. In fact, the challenge will become greater as those least prepared to find employment remain on public assistance. Moreover, when the economy slows, recipients will have difficulty finding and holding onto jobs; and many who found jobs during the period of economic expansion will return to the welfare rolls. Therefore, welfare-to-work cannot depend solely on a robust economy.

The effectiveness of welfare reform depends on how well public, private, and non-profit agencies and organizations provide the array of programs that enable welfare recipients to find and retain jobs. Transportation is one area of service provision that is a necessary, albeit not sufficient, component to welfare reform. As Table 1 shows, while transportation is not the single most important barrier facing welfare recipients, analysts and recipients have identified transportation problems as being among the most pressing impediments to the employment of recipients. AFDC-FG is the program primarily for single-parent households, and AFDC-U is the program for unemployed households, which are primarily two-parent families. Human capital deficiencies (lack of job skills, low education, and limited English language abilities) are among the most important barriers facing welfare recipients. However, the policy focus on "work first" essentially precludes local agencies from devoting substantial resources to address deficiencies that may require years of schooling or training. Agencies must devote resources to programs — such as child care and transportation — that, once available, enable recipients to immediately enter the labor market.

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**Table 1. Adults with Problems Finding and/or Keeping a Job in Assistance Unit  
California**

<b>Job Problems</b>	<b>AFDC-FG</b>	<b>AFDC-U</b>	<b>Combined Total</b>
Job Skills	39%	47%	42%
No Job Available	30%	40%	33%
Child Care	38%	19%	31%
Education	29%	24%	27%
Limited English	15%	43%	24%
Transportation	28%	15%	24%

Source: California, Department of Social Services, 1996.

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The need for access to good transportation is anchored in the geographic patterns of employment and the residential location of welfare recipients relative to jobs. The geography of jobs and the commute to work is predicated on access to automobiles. Eighty-six percent of all person trips to work are in private vehicles compared to 1.8 percent on public transit (Federal Highway Administration, 1995). While access to a car varies with income, even among low-income households, a majority (74%) own a car; among low-income, single-parent households, 64 percent have a car (Murakami and Young, 1997). However, as discussed in the subsequent section of this paper, access to good transportation is limited.

### **Residential and Employment Locational Patterns**

Typically, welfare benefits do not allow recipients to have incomes above the poverty level; as a consequence, recipients have relatively few resources available to spend on housing. In one study, the average monthly rent paid by single-parent recipients in four California counties was approximately \$400, which is more than half of the maximum benefit amount for a family of four. (See Table 2.) Those fortunate enough to receive housing subsidies pay less, but fewer than a fifth of all welfare recipients fall into this category. Therefore, recipients' limited purchasing power leaves a disproportionate number trapped in inner-city neighborhoods where housing is relatively inexpensive. However, employment growth in the suburban periphery is located far from low-income, central city neighborhoods causing a "spatial mismatch" between inner-city residents and jobs; and, the expansion of relatively high-skilled, central-city employment often fails to match the qualifications of local residents (Kasarda, 1980). Therefore, inner-city welfare recipients must compete for relatively few jobs, most of which pay low wages.

For example, South Central Los Angeles is home to two-thirds of a million people, most of whom are poor and minority; this area of was also the site of the 1992 civil unrest in Los Angeles. While 7 percent of the county's population reside in this community, only 3 percent of the jobs are located there, with a disproportionate number of these jobs paying low wages (Ong, 1993). The difficulty of finding employment within the inner city is further aggravated by a tendency by outside firms to avoid low-income, minority neighborhoods in their recruitment and hiring of workers (Kirschenman and Neckerman, 1991).

**Table 2. Reported Rents**

	<b>Private Market</b>	<b>Section 8</b>	<b>Public Housing</b>
<b>Mean Monthly Rent</b>	\$426	\$227	\$246
<b>Distribution by Rent Level</b>			
\$0-200	10%	56%	62%
\$201-\$400	40%	28%	19%
\$401 or more	51%	16%	19%
<b>Mean Persons</b>	4.4	3.7	4.0

Source: Ong, 1997

Of course, not all welfare recipients reside in job-scarce, inner-city neighborhoods. An analysis of the urbanized area of Los Angeles indicates that 44 percent of recipients reside in census tracts with the lowest employment to adult ratios, while 19 percent of recipients reside in census tracts with the highest employment to adult ratios (Blumenberg and Ong, forthcoming). Studies also find that residing in job-rich neighborhoods has a positive impact on employment (Osterman, 1991; Rosenbaum and Popkin, 1991; Blumenberg and Ong, forthcoming); however, the quantitative impact is not always overwhelming. For example, the welfare usage rate (after controlling for the characteristics of the population) decreases only moderately, from 6.1 percent in the job-poorest census tracts to 5.4 percent in the job-richest census tracts (Blumenberg and Ong, forthcoming). While this finding is consistent with the "spatial mismatch" thesis, the finding also indicates that the spatial mismatch between recipients and jobs is only one factor, among a number of others, that explains welfare usage.

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**Table 3. Distribution of AFDC Recipients Across Census Tracts of Varying Job Richness**

Census Tracts	Number of Census Tracts	AFDC Recipients
Job Poorest Census Tracts	217	20.8%
	239	22.7%
	244	19.4%
	316	18.2%
	238	11.7%
Job Richest Census Tracts	201	7.3%

Source: Blumenberg, Evelyn and Paul Ong (forthcoming).

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Regardless of the job richness of the neighborhood, most recipients will have to travel outside of their neighborhood for employment. Over average, recipients commute shorter distances to work than non-recipients. An analysis of working recipients in Los Angeles County finds that their median commute distance is 7.5 miles, which is approximately one-half to two-thirds of the average commute distance for all Los Angeles workers (Ong and Blumenberg, 1997). Recipients who reside in job-rich neighborhoods are more likely to have shorter commutes than recipients who live in job-poor neighborhoods; however, the differences in commute distance by neighborhood types are not large. The median commute distance for those in the most job-rich areas is 6.9 miles, only 1.1 miles shorter than the median commute distance for those in the most job-poor area. While the impact of job-richness on decreasing job commutes remains even after accounting for differences in the personal characteristics of welfare recipients, one of the most important findings is that a large majority of recipients work outside their neighborhood. In other words, they must depend on some form of transportation to find and hold a job. Finally, the analysis shows that geographic distance between home and work is negatively related to earnings, that is, longer commute distances result in lower earnings.

Understanding the transportation needs for employment cannot be separated from other trips essential to women's employment. In particular, many welfare recipients must not only commute to work but must also drop their children off at day care centers and elementary schools. Close to 70 percent of welfare recipients in California need some kind of child care. An analysis of the 1996 Job Readiness Survey conducted by the California Department of Social Services indicates that 47 percent of the recipients stated that they have a need for child care for children under the age of five; another 22 percent needed child care for their older children. Currently, many recipients rely on family, friends, and neighbors to provide child care thereby lessening the complexity of their commutes. However, this preference may be due, in part, to the

lack of nearby licensed providers and may change once additional licensed care is available. Regardless, for a large majority of welfare recipients, the work commute is shaped by child-serving trips — multi-purpose trip chains which include stops at the day care center, the local elementary school, or both. Additionally, working single mothers have to attend to children when emergencies arise in the middle of the day.

### **Transportation Mismatch**

While it is important to acknowledge the need for recipients to travel some distance to find jobs and to remain employed, it would be a mistake to assume that the “spatial mismatch” is the sole problem. In fact, an analysis of data for Los Angeles indicates that the proportion of welfare recipients who live in job-poor areas is not significantly different from that of the entire labor force, and is similar to the proportion of affluent households who live in job-poor neighborhoods. A large majority of both welfare recipients and the wealthy reside in neighborhoods where there are relatively few nearby jobs. The major difference, of course, is that the latter group has the means to easily overcome the spatial separation between their homes and places of employment. Additionally, the spatial and transportation problems faced by welfare recipients and minorities are very similar. The difference between white and non-white commuters is “a mismatch of commute mode rather than space” (Taylor and Ong, 1995). Minority commuters tend to have longer travel times because they are disproportionately dependent on public transit, which is relatively slow. Among those traveling by private vehicles, the commutes of African Americans and Hispanics, including those residing in minority neighborhoods, are “remarkably similar to whites.” The problem facing many minorities, then, is an “automobile mismatch,” which also appears to be one of the problems facing welfare recipients.

Given that most recipients must travel some distance for both job search and employment, their ability to find and retain a job depends heavily on access to good transportation that meets the requirements of a dispersed urban and metropolitan structure. As stated above, access to good transportation usually means access to an automobile. Estimates of the percentage of welfare recipients with access to a car varies considerably. According to survey data from the U.S. Department of Health and Human Services, automobile ownership among welfare recipients is six percent nationally and ten percent in California. Survey work conducted by the State of California reports that slightly less than a quarter (24 percent) of AFDC households owned a motor vehicle, with the rate for single-parent households being lower than that for two-parent households (18 percent versus 52 percent) (California Department of Social Services, 1996). A survey of four California counties indicates that over a quarter (27 percent) of single-parent recipient households own “a reliable car” (Ong, 1996). While the estimates differ, the numbers nonetheless consistently point to the fact that the majority of welfare recipients do not have access to private automobiles.

For those without cars, their employment opportunities are limited by inadequate public transportation systems in many U.S. metropolitan and rural areas. Public transit systems must serve increasingly dispersed areas with declining federal revenues. Moreover, the transportation



needs of the urban poor are hurt by regressive public transit subsidies and fare structures. In many metropolitan areas, regional transportation agencies have developed services to lure higher income, largely white commuters out of their cars and onto public transit at the expense of their predominantly low-income, non-white public transit ridership. In Los Angeles, for example, the Metropolitan Transit Authority has diverted resources from buses to build a regional rail system, a funding strategy that disproportionately benefits higher-income patrons who comprise a larger percentage of riders on rail compared to bus.

The importance of having access to good transportation in the form of automobile ownership is apparent in the employment rate among recipients. An analysis of the 1996 Job Readiness Survey conducted by the California Department of Social Services indicates that 34 percent of the recipients whose usual mode of transportation is a "vehicle owned by respondent or spouse/partner" were employed at the time of the interviews compared to only 20 percent of those whose usual mode of transportation is public transit. This is similar to the results reported in analysis of recipients in four counties (Ong, 1996). The table below summarizes the findings, which show not only higher employment rates but also more hours worked and higher earnings. The positive impact of car ownership holds even after accounting for personal characteristics.

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**Table 4. Employment Characteristics**

	<b>Without Car</b>	<b>With Car</b>	<b>p-value</b>
Worked within last 5 weeks	23%	37%	<.001
Mean hours worked last month	64.4	91.4	<.001
Mean monthly earnings	\$237	\$370	<.001
Mean hourly wage	\$5.74	\$6.41	=.106

Hours, earnings, and wage are based on observations with non-zero values.

Source: Ong, 1996

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## **Policy Recommendations**

Given the heterogeneity among welfare recipients, one solution cannot fit all. An effective transportation strategy must incorporate a mix of approaches. Although car owners are the minority, a comprehensive transportation policy should address their needs. Policymakers should adopt programs that help recipients operate and maintain a reliable car, including training for do-it-yourself maintenance, referrals to reliable and honest automobile repair services, and access to reasonable auto insurance. Emergency assistance should be provided to recipients

encountering unforeseen disruptions to employment or major automobile repairs. Improving the continuity of employment and automobile ownership can prevent short-term crises from transforming into prolonged joblessness.

For the majority, who are transit dependent, additional transit service can be generated through a more efficient use of existing public resources. Because some neighborhoods face a potentially significant increase in transit ridership, public transportation agencies should consider changes in routes and schedules to accommodate this growth. Another option is to restructure transit subsidies and fares. In some metropolitan areas, regional transportation planners have developed services to lure higher income out of their cars at the expense of their predominantly low-income transit riders. Moreover, flat fares, which charge patrons regardless of distance, hurt low-income riders who take shorter trips than higher-income patrons. Eliminating these regressive practices would benefit welfare recipients and the working poor.

Publicly supported mass transit will not be sufficient. Plans should include the private sector. Employers, individually or in consortiums, can support van pools and ride sharing to enhance travel to job-rich, suburban destinations. These services should be coupled with a guaranteed ride-home for those rare occasions when there is a family emergency or when an individual must work over time. An effective plan should also incorporate market-based solutions, such as taxis, private shuttles, and informal transportation systems, when they are appropriate and cost effective. Private-sector options can also include programs to encourage some recipients to form businesses to provide rides. Realizing the full potential of the market may require revising laws and regulations that are unreasonably prohibitive of private entrepreneurship, but this should be done carefully to ensure public safety.

The federal government has initiated a number of programs to address the transportation needs of welfare recipients as a part of a broader effort to improve services to inner-city residents. The U.S. Departments of Health and Human Services, Labor, and Transportation are working to ensure that welfare recipients find reliable, affordable, and efficient transportation to jobs, training, and support services. Block grant funding for TANF provides considerable flexibility to States and communities. State agencies may use funds to support services including child care and transportation. The Department of Labor's Welfare-to-Work Grants are intended to create additional job opportunities for the hardest-to-employ welfare recipients. These grants include funds for job retention and support services (if such services are not otherwise available) and can also fund transportation programs. Finally, TEA-21 (Transportation Equity Act for the 21st Century) includes a program entitled "Access to Jobs." This program provides competitive grants to local governments and non-profit organizations to develop transportation services to connect welfare recipients and low-income persons to employment and employment-related support services. The program requires a coordinated transportation and human service planning mechanism and authorizes a reverse commute program to provide services to suburban employment centers from urban centers, rural areas, and other suburban locations.

Non-profit organizations have also been involved in providing transportation services for the poor. For example, Public/Private Ventures has established a program entitled Bridges to

Work, a series of demonstration projects established to make private-sector jobs in the suburbs accessible to inner-city residents by providing them with, among other things, transportation to and from suburban jobs in which employers report difficulty in filling. This four-year project will run from Spring 1997 to December 2000 and include five cities -- Baltimore, Chicago, Denver, Milwaukee and St. Louis. Interest in this project is quite high as measured by its funding base. The project has received support from the U.S. Department of Housing and Urban Development, the U.S. Department of Transportation, and a number of major foundations including the Ford, John D. and Catherine T. MacArthur and Rockefeller Foundations.

While improving transportation access must be an important element of welfare-to-work, it is neither a panacea nor the only potentially viable approach. In particular, we should also promote local economic development and housing mobility, not as a substitute for better transportation but as complementary strategies.

Local economic development is intended to increase economic opportunities in areas of concentrated poverty. These programs have included financial incentives, regulatory relief, and social services targeted toward preserving, attracting, and/or creating jobs to revitalize poor neighborhoods (Eisinger, 1988; Helpern, 1995). The evidence on the effects of local economic development programs vary depending on the type of program as well as the measures used to evaluate these programs. However, even if some programs are found to be effective, the scale at which they would have to be implemented in order to significantly improve job access for the welfare recipients would be beyond the level of current support for local economic development at the federal, state, or local levels. Moreover, the evidence indicates that increasing job-richness in poor neighborhoods cannot eliminate the need for a substantial number of recipients to work in establishments far from home.

Policies that contribute to greater housing mobility can offer improved access to housing in job-rich neighborhoods. Housing programs that enable some low-income families to move to neighborhoods with ample employment opportunities, evidence from this study shows that they will be less likely to rely on welfare. The most prominent example of this strategy is the Gautreaux Assisted Housing Program in Chicago in which African-American families receive assistance to move from public, central-city housing to housing in suburban, predominantly white neighborhoods (Rosenbaum and Popkin, 1991; Rosenbaum, 1995). Moreover, there is evidence that subsidies in the form of housing vouchers both increase residential choice and improve employment outcomes (Ong, forthcoming). Nonetheless, housing mobility does not eliminate the need to improve transportation access. Moving out of the inner city to the suburban periphery are not necessarily associated with increases in nearby job opportunities; some suburban neighborhoods are also job poor. Moreover, most recipients do not move to be closer to work. They move for many of the same reasons as non-recipients, such as concern over the quality of neighborhood and schools, and a desire to be close to family and friends. Consequently, greater housing mobility does not eliminate the need for better transportation.

While transportation, local economic development, and housing mobility policies are not panaceas for the mismatch between low-income individuals and jobs, each can potentially

improve job access. However, even a dramatic increase in job access among those with a high school education or less -- by whatever policy instruments such change is engendered -- cannot, by itself, eliminate welfare usage. Improved access to jobs must be advocated as one policy strategy, among others, to lower reliance on public welfare programs and, ultimately, to promote economic mobility among the poor.

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